
**Financial Statement
1998-99**

*Cumberland
Regional College*

Letter of Transmittal

**The Honourable J. Wiebe
Lieutenant Governor
Province of Saskatchewan**

Sir:

I have the honour to submit for your consideration the Financial Statements of the Cumberland Regional College for the year ending June 30, 1999.

Respectfully submitted:



**Glenn Hagel
Minister of Post-Secondary Education and Skills Training**

CUMBERLAND REGIONAL COLLEGE

FINANCIAL STATEMENTS

JUNE 30, 1999

Neumann & Neumann
Chartered Accountants

Board of Directors
Cumberland Regional College
Nipawin, Saskatchewan

AUDITORS' REPORT

We have audited the statement of financial position of Cumberland Regional College as at June 30, 1999 and the statements of operations, changes in fund balances and cash flows for the year then ended. The College's management is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Neumann & Neumann
Chartered Accountants

Nipawin, Saskatchewan
September 16, 1999

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 1999

Statement 1

	<u>1999</u>			<u>1998</u>
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	
ASSETS				
Current Assets				
Cash and temporary investments	\$ 647,593	\$ 647,897	\$1,295,490	\$1,261,988
Accounts Receivable (note 3)	184,269	--	184,269	234,293
Prepaid expenses	<u>13,561</u>	--	<u>13,561</u>	<u>17,234</u>
	845,423	647,897	1,493,320	1,513,515
Investments (note 4)	500,000	--	500,000	355,000
Capital Assets (note 5)	--	<u>1,124,912</u>	<u>1,124,912</u>	<u>1,196,948</u>
	<u>\$1,345,423</u>	<u>\$1,772,809</u>	<u>\$3,118,232</u>	<u>\$3,065,461</u>
LIABILITIES				
Current Liabilities				
Accounts payable (note 7)	\$ 117,777	\$ --	\$ 117,777	\$ 108,216
Accrued vacation payable	73,656	--	73,656	48,077
Deferred revenue (note 8)	<u>418,060</u>	--	<u>418,060</u>	<u>430,739</u>
	<u>609,493</u>	--	<u>609,493</u>	<u>587,032</u>
Fund Balances				
Invested in capital assets	--	1,124,912	1,124,912	1,196,948
Internally restricted as reserves (note 9)	561,292	647,897	1,209,189	387,460
Unrestricted	<u>174,638</u>	--	<u>174,638</u>	<u>894,023</u>
	<u>735,930</u>	<u>1,772,809</u>	<u>2,508,739</u>	<u>2,478,431</u>
	<u>\$1,345,423</u>	<u>\$1,772,809</u>	<u>\$3,118,232</u>	<u>\$3,065,461</u>

APPROVED ON BEHALF OF THE BOARD

Director

Director

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 1999

Statement 2

	Operating	Capital	Total
(Note 11) Budget	1999	1998	1999
Revenues (Schedule 1)			
Saskatchewan Post-Secondary			
Education and Skills Training	\$2,117,035	\$2,596,768	\$2,325,832
Federal Government	36,404	133,723	133,723
Other Revenue	491,266	797,929	696,026
Total revenues	2,644,705	3,257,484	3,257,484
Expenses (Schedule 2)			
Contractual and Professional Services	930,201	1,182,298	--
Rentals	158,060	150,630	--
Repairs and Maintenance	9,844	5,200	--
Amortization	--	--	155,844
Operating Expenses (Schedule 3)	365,260	418,143	531,639
Personal Services	1,108,779	1,559,410	1,192,889
Total expenses	2,610,230	3,075,658	3,262,656
Excess / (deficiency) of revenues over expenses	\$ 34,475	\$ 181,826	\$ 323,159
			\$ (151,518) \$ (70,844) \$ 30,308
			\$ 252,315

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1999

Statement 3

	<u>Invested in capital assets</u>	<u>Internally restricted assets</u>	<u>Unre- stricted assets</u>	<u>1998</u>	<u>1999</u>
Balance, beginning of the year	\$1,196,948	\$ 387,460	\$ 894,023	\$2,478,431	\$2,226,116
Excess/ (deficiency) of revenue over expenses	(151,518)	--	161,626	30,308	252,315
Investment in capital assets	79,482	--	(79,482)	--	--
Net appropriation to reserves	--	821,729	(821,729)	--	--
<u>\$1,124,912</u>	<u>\$1,209,189</u>	<u>\$ 174,638</u>	<u>\$2,508,719</u>	<u>\$2,478,431</u>	

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1999

Statement 4

	<u>1999</u>	<u>1998</u>
CASH PROVIDED BY (USED IN) :		
Operating Activities		
Excess/deficiency of revenue over expenses	\$ 181,826	\$ 323,159
Net change in non-cash working capital (note 10)	<u>76,158</u>	<u>(20,088)</u>
	<u>257,984</u>	<u>303,071</u>
Investing Activities		
Purchase of capital assets	(79,482)	(123,819)
Increase in investments	<u>(145,000)</u>	<u>--</u>
	<u>(224,482)</u>	<u>(123,819)</u>
Financing Activities		
Capital contributions received	<u>--</u>	<u>85,000</u>
Increase in cash during year	33,502	264,252
Cash, beginning of year	<u>1,261,988</u>	<u>997,736</u>
Cash, end of year	<u>\$1,295,490</u>	<u>\$1,261,988</u>

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

1. PURPOSE AND AUTHORITY

The Cumberland Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act*.

The Board of the Cumberland Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of *The Regional Colleges Act* and its regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

The accepted accounting principles and include the following significant policies:

(a) Fund Accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

(i) Operating Fund

The operating fund consists of those revenues and expenses relating to the general operations of the College.

(ii) Capital Fund

The capital fund reflects the equity of the College in capital assets after taking into consideration any associated long term debt. The capital fund consists of transfers and donations designated for capital purposes by the contributor, net of the annual amortization expense.

(b) Revenue recognition

The College follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

CUMBERLAND REGIONAL COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(b) Revenue recognition cont'd

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

(c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates, and is reported as an expense in the capital fund:

Buildings	5%
Leasehold improvements	5%
Furniture and equipment	10% to 33%
Vehicles	20%

(d) Investments

Investments are recorded at the lower of cost and market value.

3. ACCOUNTS RECEIVABLE

Accounts receivable are composed of the following:

	<u>1999</u>	<u>1998</u>
Saskatchewan Post-Secondary		
Education and Skills Training	\$123,661	\$192,150
SIAST	4,257	10,207
Federal government	5,578	3,106
Other	<u>50,773</u>	<u>28,830</u>
	\$184,269	\$234,293

CUMBERLAND REGIONAL COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

4. INVESTMENTS

Investments consist of:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>1999</u>	<u>1998</u>
SaskTel Bond	6.50%	March, 1999	\$ --	\$ 5,000
Sask Savings Bond	8.00%	July, 1999	--	100,000
Sask Savings Bond	6.75%	July, 2000	100,000	100,000
Sask Savings Bond	5.50%	July, 2001	150,000	150,000
Sask Savings Bond	5.00%	July, 2003	250,000	--
			<u>\$500,000</u>	<u>\$355,000</u>

5. CAPITAL ASSETS

		<u>1999</u>		<u>1998</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Buildings	\$ 973,612	\$ 145,087	\$ 828,525	\$ 867,221
Leasehold improvements	222,383	40,429	181,954	188,180
Furnishings/ equipment	354,641	244,905	109,736	132,153
Vehicles	<u>23,486</u>	<u>18,789</u>	<u>4,697</u>	<u>9,394</u>
	<u>\$1,574,122</u>	<u>\$ 449,210</u>	<u>\$1,124,912</u>	<u>\$1,196,948</u>

6. LEASE OBLIGATIONS

The College is committed under term leases for office space at the following minimum amounts over the next five years (exclusive of proportionate increases and additional occupancy costs):

2000	\$16,248
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CUMBERLAND REGIONAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

7. ACCOUNTS PAYABLE

Accounts payable are composed of the following:

	<u>1999</u>	<u>1998</u>
Province of Saskatchewan - Other	\$ 26,543	\$ 3,355
Federal government	41,107	50,259
Other	<u>50,127</u>	<u>54,602</u>
	<u>\$117,777</u>	<u>\$108,216</u>

8. DEFERRED REVENUE

Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

	<u>1999</u>	<u>1998</u>
Saskatchewan Post-Secondary Education and Skills Training	\$411,843	\$430,739
Federal Government	3,635	--
Other	<u>2,582</u>	<u>--</u>
	<u>\$418,060</u>	<u>\$430,739</u>

9. RESTRICTIONS ON NET ASSETS

The Board of Directors of Cumberland Regional College has placed internal restrictions on \$1,209,189 (1998 - \$387,460) of unrestricted net assets to be used for future expenditures. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. A separate schedule details the internal restrictions and the individual amounts under each restriction.

10. NET CHANGE IN NON-CASH WORKING CAPITAL

	<u>1999</u>	<u>1998</u>
Accounts receivable	\$ 50,024	\$(97,912)
Prepaid expenses	3,673	(4,665)
Accounts payable and accrued		
vacation payable	35,140	45,838
Deferred revenue	<u>(12,679)</u>	<u>36,651</u>
Net increase (decrease) in cash	<u>\$ 76,158</u>	<u>\$(20,088)</u>

CUMBERLAND REGIONAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

11. BUDGET AMOUNTS

The budget was prepared by regional college management with Board approval given on October 27, 1998.

12. RELATED PARTY TRANSACTIONS

Included in these financial statements are revenue and expense amounts resulting from routine transactions with related parties. These transactions are conducted at agreed rates with various Saskatchewan Crown-controlled departments, agencies and corporations with which the College is related by virtue of its economic interest with the Government of Saskatchewan.

Expenses for related party transactions during the year were as follows:

	<u>1999</u>	<u>1998</u>
SaskTel expenses	\$ 50,768	\$ 58,311
Sask Property Management Corp. expenses	39,703	34,530
SaskPower expenses	--	<u>648</u>
	<u>\$ 90,471</u>	<u>\$ 93,489</u>

Account balances from these transactions are included in the balance sheet and are settled on normal trade terms. Other transactions with related parties are disclosed elsewhere in these financial statements.

13. FINANCIAL INSTRUMENTS

- (a) The carrying amount of cash and temporary investments, accounts receivable, accounts payable and vacation payable approximates fair value due to the short term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing, or certainty of future cash flows.

The fair value of investments is considered to approximate market value which is \$500,000 (1998 - \$355,000).

- (b) The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the College's receivables are from the provincial and federal government, therefore, credit risk is minimal.

CUMBERLAND REGIONAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

14. PENSIONS

Employees of the college participate in one of three pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, the Teachers' Superannuation Plan (TSP) or the Saskatchewan Teachers Retirement Plan (STRP) which are administered by the Teachers' Superannuation Commission. The college has no financial obligation to TSP or STRP. Eligible employees contribute to TSP and STRP for their current service. No matching contribution is made by the Board. The General Revenue Fund is responsible for the required employer contributions of the STRP and for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is also a multi-employer defined benefit plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The college's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to \$31,868 (1998 - \$27,542).

15. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the College, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

CUMBERLAND REGIONAL COLLEGE
SCHEDULE OF OPERATING FUND REVENUES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 1999

Schedule 1

	Administration	Community & Individual Revenue	Programming & Development	Vocational Education	University Technical Education	Career Services	1999 Total	Budget	1998
Post-Secondary Education and Skills Training									
Admin Recovery	\$ 59,196	\$ --	\$ 23,208	\$ 29,226	\$ 13,193	\$ 2,441	\$ 127,264	\$ 133,206	\$ 145,757
Base Grant	659,049	--	--	--	--	--	659,049	562,300	562,301
Outreach Fund	--	--	--	--	137,636	--	137,636	135,747	171,569
Program Payments	--	5,429	484,409	647,134	--	113,521	1,250,493	1,182,307	1,216,069
Other	150,202	--	--	--	--	688	151,390	103,425	501,072
Total	868,942	5,429	507,617	676,360	150,829	116,650	2,325,812	2,117,015	2,596,768
Federal Government									
Admin Recovery	--	--	2,739	11,336	--	--	14,075	1,138	35,965
Seat Purchases	--	--	--	23,123	--	--	23,123	--	41,565
Projects	--	--	14,787	74,438	--	--	89,225	4,928	196,767
Other	7,300	--	--	--	--	--	7,300	10,338	18,724
Total	7,300	--	17,526	108,892	--	--	111,221	16,404	291,021
Other									
Admin Recovery	--	49,531	3,484	17,664	9,250	--	30,398	10,269	17,923
Contracts	8,000	--	47,400	140,122	84,754	--	329,807	114,809	245,916
Interest	98,343	--	--	--	--	--	98,343	70,000	80,566
Rents	7,296	--	--	--	--	--	7,296	--	10,571
Resale Items	1,321	19,746	--	25,834	40,592	154	87,647	46,360	92,921
Tuitions	--	109,720	--	92,042	--	--	201,762	195,098	218,896
Other	5,986	--	19,198	--	5,229	12,292	42,626	54,730	29,231
Total	120,946	178,992	70,083	275,612	119,825	12,446	797,929	491,266	696,026
Total Revenue	997,193	184,426	595,226	1,060,889	290,654	129,096	3,257,484	2,644,705	3,585,815
Total Expense (Schedule 2)	907,950	141,672	457,611	885,678	219,045	461,702	3,075,658	2,610,230	3,262,656
Excess/(deficiency) of revenue over expenses	\$ 89,243	\$ 40,754	\$ 117,615	\$ 175,211	\$ 71,609	\$ 1312,606	\$ 181,826	\$ 14,475	\$ 323,159

CUMBERLAND REGIONAL COLLEGE
SCHEDULE OF OPERATING FUND EXPENSES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 1999

Schedule 2

CUMBERLAND REGIONAL COLLEGE

SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 1999

Schedule 3

	<u>1999</u>	<u>1998</u>
Advertising	\$ 44,696	\$ 68,277
Association Fees and Dues	7,865	5,344
Bank Charges and Interest	426	553
Computer Software	16,757	47,368
Conference and Training Fees	15,818	13,940
Insurance	7,789	6,531
Materials and Supplies	65,789	118,631
Postal, Freight and Courier	9,278	12,339
Printing and Duplicating	4,515	4,200
Resale Items	95,677	90,709
Subscriptions	2,867	1,066
Telephone and Fax	60,873	59,255
Travel	66,440	64,689
Utilities	6,670	8,934
Other	12,683	29,803
	<u>\$418,143</u>	<u>\$531,639</u>

CUMBERLAND REGIONAL COLLEGE

SCHEDULE OF RESERVE TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 1999

Schedule 4

	<u>Balance, beginning of the year</u>	<u>Appropriations from unrestricted net assets</u>	<u>Transfers to unrestricted net assets</u>	<u>Balance, end of the year</u>
Operating Fund				
University	\$ 99,027	\$ --	\$ --	\$ 99,027
SCN	19,980	--	--	19,980
Student Services	25,514	--	--	25,514
Education Leave	22,573	--	--	22,573
Professional Development	33,807	--	(14,759)	19,048
Literacy	6,500	--	--	6,500
Retroactive Salary	20,000	--	--	20,000
Career Services	22,000	--	--	22,000
25th Anniversary Marketing	--	15,400	--	15,400
One Client Service Model	--	133,750	--	133,750
Strategic Plan Implementation	--	20,000	--	20,000
Class Plan Implementation	--	25,500	--	25,500
Basic Education Special Needs Tutors	--	27,000	--	27,000
Learning Centre	--	75,000	--	75,000
Research and Development	--	30,000	--	30,000
	249,401	326,650	(14,759)	561,292
Capital Fund				
Tech Lab - Tisdale Capital	20,000	--	(4,502)	15,498
	118,059	514,340	--	632,392
	138,059	514,340	(4,502)	647,892
	387,460	8840.990	\$119,261)	\$1,209,189

**CUMBERLAND REGIONAL COLLEGE
1998-99 PAYEE SCHEDULE**

A & W - Melfort	\$23,120
B & H Canvas Ltd.	\$24,661
Eastern Assiniboine Training	\$21,805
Farm Gate Computers	\$45,958
S.I.A.S.T. Kelsey Campus	\$44,849
Melfort School Division #100	\$41,357
Municipal Employees Superannuation Commission	\$64,479
Nipawin Ambulance	\$38,655
S.I.A.S.T. Woodland Campus	\$274,364
Phillips Publishers	\$24,379
Sask. Property Management Corp.	\$39,703
Sask. Government Employees Union	\$29,747
Sask Tel	\$57,035
Teachers' Superannuation Fund	\$23,497
S.I.A.S.T. Palliser Campus	\$195,322
Stardale Women's Group	\$41,434
University of Saskatchewan	\$80,365
S.I.A.S.T. Wascana Campus	\$52,555
Other	\$588,209
 Total	 \$1,711,494

PAYROLL

Dara McMunn	\$24,538
Valerie Mushinski	\$72,374
Lianne Relland	\$34,935
Leslee Serack	\$63,059
Total Unionized Employees	\$1,169,258
 Total Payroll	 \$1,364,164
 Total Payments	 <u>\$3,075,658</u>